



## **Staff Report**

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RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT, A NOTICE OF SALE AND AN OFFICIAL STATEMENT, AND AUTHORIZING CERTAIN RELATED MATTERS (SERIES 2011B-SEWER TREATMENT FACILITY BONDS)

Honorable Mayor and Council Members:

### **Summary**

This is a companion report to the action being considered by the Belmont Joint Powers Financing Authority. This is a separate action from the authorization to issue bonds to fund the sewer collection system that is also being considered tonight.

The continuation of capital improvements to the South Bayside System Authority's infrastructure requires that the City enter into an Installment Purchase Agreement with the Belmont Joint Powers Financing Authority. The Authority will issue bonds with a maximum principal amount of \$10.5 million.

Approval of the attached resolution will authorize officers of the City to provide for the marketing of the bonds by the Authority by competitive sale through the use of an Official Statement, award the bid to the bidder providing the lowest true interest cost, execute an Installment Purchase Agreement and Indenture and take other actions necessary to close the bond issue.

The City Treasurer and the Finance Commission Bond Financing Sub-Committee recommended authorization of this action.

### **Background and Discussion**

On January 4, staff and the City's financial advisor met with the Finance Commission Bond Financing Sub-Committee to discuss the funding of improvements. Staff discussed the details of the bond, in addition to the timeframe required to make recommendations to the City Council regarding the bonds. The Sub-Committee recommended that the City Council authorize the sale of the bonds by competitive sale, the distribution of an Official Statement relating to the bonds and the execution of documents necessary to close the bond issue.

*South Bayside System Authority (SBSA) 10-year Capital Improvement Program*

In May 2008, SBSA adopted a 10-year capital improvement program of \$339 million of required improvements to the SBSA infrastructure including the treatment plant, pump stations, and the force main. As of December 2010, SBSA estimates a total of \$101.7 million is required to fund improvements scheduled through 2011-2012, of which \$9.7 million is Belmont's portion.

A bond issue with a principal amount of \$9.94 million (approximate) and a final maturity in 2041 has been structured. The issue includes a reserve fund, sized at the maximum annual debt service amount. The issue has been structured to produce debt service that will remain approximately level, and which will average approximately \$620 thousand per year.

Staff has been working with Magis Advisors, the City's financial advisor, and Stradling Yocca Carlson & Rauth, the City's bond counsel and disclosure counsel, to develop the bond issue. The finance team has developed a set of documents for the issue, including the documents referred to in the attached resolution. The City intends to submit the documents, the Preliminary Official Statement and other related economic and financial information to two rating agencies for a rating.

The City and the Authority intend to sell the bonds by competitive sale on January 26, 2011. With that sale date, the City and the Authority will receive proceeds of the bonds on February 9, 2011.

The attached resolution authorizes officials of the City to sell the bonds at competitive sale. Bid parameters, established in the Notice of Sale, dictate that the principal amount cannot exceed \$10.5 million, nor can the interest rate on any individual maturity on the bonds exceed 12%.

The bonds currently are sized to have a principal amount of \$9.94 million and the "all-inclusive" true interest cost is expected to be less than 5%.

By comparison, the resolutions indicate a higher "not to exceed" amount for the amount of the bonds. This is done to facilitate minor changes in financial structure that might be required subsequent to the adoption of the resolutions. Such changes are not anticipated at this time and if required, would be made in a manner that would not have a material impact on the financial impact to the City or the Authority.

**Fiscal Impact**

Based on current analysis, the cost of Belmont's share of the SBSA Capital Improvement Program is \$45 million. This is the second in a series of bonds issued to fund the City's share of the improvements. The debt service on the bonds will be repaid with revenue received from the Sewer Treatment Facility Charge, with collection beginning on the 2011/2012 tax roll.

Below are the estimated sources and uses for this bond issue:

<b>Sources</b>	
Bond Amount	\$9,940,000
Total Sources	\$9,940,000
<b>Uses</b>	
Issuance Costs	314,880
Debt Service Reserve Fund	625,120
Project Funds	9,000,000
Total Uses	\$9,940,000

It is not known whether market conditions will enable the City to sell the bonds at a premium to the face amount sufficient to pay issuance costs. Accordingly, the estimates above may change modestly. Regardless, the maximum authorized amount will be constrained to \$10.5 million.

#### **Public Contact**

The matter was discussed at the Finance Commission Bond Financing Sub-Committee Meetings on November 23<sup>rd</sup> and January 4<sup>th</sup> and an update was provided at the Finance Commission's December 2<sup>nd</sup> meeting. Further public contact was made through posting of City Council agenda.

#### **Recommendation**

Adopt the Finance Commission Bond Financing Sub-Committee's recommendation. Approve resolutions authorizing the bond issue.

#### **Alternatives**

1. With direction, refer the matter back to the Finance Commission's Bond Financing Sub-Committee for further study.

#### **Attachment**

- A. Resolution Authorizing the Execution and Delivery of an Installment Purchase Agreement, a Notice of Sale and an Official Statement, and Authorizing Certain Related Matters
- B. Draft Installment Purchase Agreement
- C. Draft Indenture (see Belmont Joint Powers Financing Authority January 11, 2011 staff report titled "Resolution Authorizing the Execution and Delivery of an Installment Purchase Agreement, a Notice of Sale and an Official Statement, and Authorizing Certain Related Matters (Series 2011B-Sewer Treatment Facility Bonds)")
- D. Draft Preliminary Official Statement (see City of Belmont January 11, 2011 staff report titled "Resolution Authorizing the Execution and Delivery of an Installment Purchase Agreement, a Notice of Sale and an Official Statement, and Authorizing Certain Related Matters (Series 2011A-Sewer Bonds)")

Respectfully submitted,

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Brooke Lazzari,  
Deputy Finance Director

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Thomas Fil  
Finance Director

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Greg D. Scoles  
City Manager

Staff Contact:

Brooke Lazzari, Deputy Finance Director

Phone Number: 595-7434

Email: [blazzari@belmont.gov](mailto:blazzari@belmont.gov)

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF CITY OF BELMONT AUTHORIZING THE EXECUTION AND  
DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT, A NOTICE OF SALE  
AND AN OFFICIAL STATEMENT AND AUTHORIZING CERTAIN RELATED  
MATTERS**

**WHEREAS**, the City of Belmont (the “City”) is duly organized and existing under the laws of the State of California and is authorized to enter into an installment purchase agreement for the purpose of financing the acquisition, construction and improvement of sewer treatment facilities; and

**WHEREAS**, pursuant to an ordinance of the City Council of the City, adopted on May 12, 2009 (the “Ordinance”), the City has established a Sewer Treatment Facility Charge to be imposed upon parcels within the City in order to finance the rehabilitation, replacement, and other associated costs (including financial and operating costs) of wastewater treatment plants, pump stations, outfall pipelines, plant influent force main pipelines, and other treatment facilities that serve the City; and

**WHEREAS**, the Ordinance indicates that the total cost to fund necessary sewer treatment facilities expenses is estimated at \$45.2 million; and

**WHEREAS**, in December 2009, the City entered into an installment purchase agreement with the Belmont Joint Powers Financing Authority, a joint exercise of powers agency (the “Authority”) for the purpose of funding the first portion of such expenses; and

**WHEREAS**, the City desires to enter into a second Installment Purchase Agreement (the “Installment Purchase Agreement”), by and between the City and Authority, in order to provide for the financing of additional sewer treatment improvements (the “Project”); and

**WHEREAS**, this City Council finds that the financing of the Project will result in significant public health benefits; and

**WHEREAS**, the City desires that the Authority assign the right to receive the Installment Payments under the Installment Purchase Agreement to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and that the Trustee enter into an Indenture (the “Indenture”), by and between the Authority and the Trustee and that the Authority issue its Sewer Treatment Facility Revenue Bonds, Series 2011B (the “Bonds”) to finance the Project pursuant to the Indenture; and

**WHEREAS**, the Bonds shall be issued as Parity Debt (as defined in the Installment Purchase Agreement) to the Authority’s Sewer Treatment Facility Revenue Bonds, Series 2009; and

**WHEREAS**, in funding the first installment of the costs of such treatment facilities, the City Council finds that future borrowings will be required to fulfill the City’s commitment to safely treat the wastewater generated by the City’s sewer collection system; and

**WHEREAS**, the City desires to finance the Project and it is in the public interest and for the public benefit that the City do so; and

**WHEREAS**, in order to authorize the execution of the Installment Purchase Agreement and the preparation of an Official Statement relating to the Bonds (the “Official Statement”) and to provide for certain related matters, the City Council of the City deems it in the best interests of the City to adopt this Resolution (the “Resolution”);

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Belmont, as follows:

Execution of the Installment Purchase Agreement and the Notice of Sale. The City Manager, the Finance Director of the City or other appropriate officers of the City (the “Authorized Officers”) are hereby authorized and directed to execute for and on behalf of the City the Installment Purchase Agreement, substantially in the form filed with the City, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Invitation for bids for the purchase of the Bonds is hereby authorized, such invitation to be substantially in accordance with the Notice of Sale attached hereto as Exhibit A and by this reference incorporated herein (the “Notice of Sale”). The Notice of Sale attached hereto as Exhibit A and by this reference incorporated herein is hereby approved.

Publication of Notice of Intention to Sell Bonds. The City Manager and the Finance Director each are hereby directed to execute a Notice of Intention to Sell Bonds and to cause the Notice of Intention to be published in accordance with the requirements of the California Government Code.

Terms and Conditions of Sale. The terms and conditions of the offering and the sale of the Bonds shall be as specified in the Notice of Sale. The City Council shall award the sale of the Bonds by acceptance by the City Manager or the Finance Director of the bid with the lowest true interest cost so long as the principal amount of Bonds does not exceed \$10,500,000 and the true interest cost does not exceed the maximum rate per annum allowable by law.

The obligation of the City to make the Installment Payments under the Installment Purchase Agreement is a special obligation of the City payable solely from the System Treatment Facility Charges (as defined under the Installment Purchase Agreement), and does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Furnishing of Notice of Sale and Official Statement. The City and the financial advisor are hereby authorized and directed to cause to be furnished to prospective bidders a reasonable number of copies of the Notice of Sale and a reasonable number of copies of the Official Statement.

General Authorization. The financial advisor and/or bond counsel are hereby authorized and directed to open the bids at the time and place specified in the Notice of Sale and to present the same to the City. The financial advisor and/or bond counsel are hereby authorized and directed to receive and record the receipt of all bids made pursuant to the Notice of Sale, to cause said bids to be examined for compliance with the Notice of Sale, to cause computations to be made as to which bidder has bid the lowest true interest cost, as provided in the Notice of Sale, along with a report as to the foregoing and any other matters deemed pertinent to the award of the Bonds and the proceedings for the execution thereof.

Authorization of Preliminary Official Statement, Execution of Final Official Statement, Execution of Continuing Disclosure Certificate. The City hereby approves the Preliminary Official Statement (the “Preliminary Official Statement”) relating to the Bonds in substantially the form filed with the City. The Authorized Officers are hereby authorized to certify that said Preliminary Official Statement, is as of its date “deemed final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Authorized Officers are hereby authorized and directed to execute for and on behalf of the City a final Official Statement, in substantially the form of the Preliminary Official Statement, with such changes therein (and additions thereto to reflect the terms of the sale of the Bonds) as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Authorized Officers are hereby authorized and directed to execute for and on behalf of the City a Continuing Disclosure Certificate, in substantially the form filed with the City, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Other Actions Authorized. The Authorized Officers and such other proper officers of the City are hereby authorized to take all actions and execute any and all documents described in this Resolution and otherwise necessary or desirable to effect the execution and delivery of the Installment Purchase Agreement and to make any changes to the forms of the legal documents approved in this Resolution as necessary or desirable to comply with the terms of municipal bond insurance; to change the dates and the percentages in the rate covenant and additional debt test contained in any documents approved at this meeting from the dates and percentages on the forms submitted to this meeting; and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the execution and delivery of the Installment Purchase Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Installment Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Continuing Disclosure Certificate. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on January 11, 2011 by the following vote:

AYES, COUNCILMEMBERS: \_\_\_\_\_

NOES, COUNCILMEMBERS: \_\_\_\_\_

ABSTAIN, COUNCILMEMBERS: \_\_\_\_\_

ABSENT, COUNCILMEMBERS: \_\_\_\_\_

\_\_\_\_\_  
CLERK of the City of Belmont

APPROVED:

\_\_\_\_\_  
MAYOR of the City of Belmont



**OFFICIAL NOTICE OF SALE  
AND  
BID FORM**



**THE CITY OF BELMONT, CALIFORNIA**  
on behalf of the  
**BELMONT JOINT POWERS FINANCING  
AUTHORITY**

**Will accept bids on January 26, 2011 for:**

**\$[8,550,000]\***

**SEWER REVENUE BONDS**

**SERIES 2011A**

**\$[9,940,000]\***

**SEWER TREATMENT FACILITY  
REVENUE BONDS**

**SERIES 2011B**

**(BOOK-ENTRY ONLY)**

**BIDS ELIGIBLE TO BE RECEIVED VIA PARITY®**

For further information, please contact the Authority's financial advisor:

**MAGIS ADVISORS**  
1301 Dove Street, Suite 380  
Newport Beach, California 92660  
Phone: (949) 428-8363 Fax: (949) 428-8368

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\* Preliminary, subject to change.

# OFFICIAL NOTICE OF SALE

## THE CITY OF BELMONT, CALIFORNIA

on behalf of the

### BELMONT JOINT POWERS FINANCING AUTHORITY

**[\$8,550,000]\***

**Sewer Revenue Bonds**

**Series 2011A**

**[\$9,940,000]\***

**Sewer Treatment Facility Revenue Bonds**

**Series 2011B**

**NOTICE IS HEREBY GIVEN** that all-or-none bids will be received by the City of Belmont (the "City"), for the purchase of up to \$[8,550,000]\* par value, of sewer revenue bonds to be issued by the Belmont Joint Powers Financing Authority (the "Authority") designated "BELMONT JOINT POWERS FINANCING AUTHORITY SEWER REVENUE BONDS SERIES 2011A" (herein, the "Series A Bonds"); and, all-or-none bids will be also be received for the purchase of up to \$[9,940,000]\* par value, of sewer treatment facility revenue bonds to be issued by the Authority designated "BELMONT JOINT POWERS FINANCING AUTHORITY SEWER TREATMENT FACILITY REVENUE BONDS SERIES 2011B" (herein, the "Series B Bonds," and collectively with the Series A Bonds, the "Bonds").

Bidders are required to bid on all of the Series A Bonds if any are bid for; bidders are required to bid on all of the Series B Bonds if any are bid for. Bidders are not required to bid on both series.

Bids may be submitted via PARITY®, the electronic bidding system, or on the Official Bid Form, up to the time and at the place specified as follows:

**TIME:** 10:00 a.m., Pacific Time  
**DATE:** [Wednesday, January 26, 2011]  
**PLACE:** City of Belmont  
One Twin Pines Lane, Suite 320  
Belmont, California 94002  
Attention: Thomas Fil, Finance Director

***provided***, however, that without further advertising, and so long as a bid has not been accepted by the City, bids will be accepted at such time via PARITY®, the electronic bidding system, (or, in the case of a paper bid, at the place designated above) on Wednesday, February 2, 2011 at 10:00 a.m. Pacific Time and each succeeding Wednesday thereafter until the earlier of March 30, 2011, or receipt by the City of an acceptable bid for the Bonds. Bids for the purchase of the Bonds will be received and considered subject to the terms and conditions described herein.

## TERMS OF THE BONDS

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\* Preliminary, subject to change.

**ISSUE.** The Belmont Joint Powers Financing Authority Sewer Revenue Bonds, Series 2011A (the “Series A Bonds”) are being issued to finance certain improvements to the sewer system of the City of Belmont (the “City”), to fund a reserve fund for the Bonds and to pay the costs incurred in issuing the Series A Bonds. The Series A Bonds will be issued in an amount up to \$[8,550,000]\* par value.

The Belmont Joint Powers Financing Authority Sewer Treatment Facility Revenue Bonds Series 2011B (the “Series B Bonds” and, collectively with the Series 2011A Bonds, the “Bonds”) are being issued to finance certain improvements to the South Bayside System Authority’s (“SBSA”) sewer treatment facility, to fund a rate stabilization fund, to fund a reserve fund for the Series B Bonds and to pay the costs incurred in issuing the Series B Bonds. The Series B Bonds will be issued in an amount up to \$[9,940,000]\* par value.

The Bonds will be awarded by series to the responsible bidder(s) with the lowest true interest cost for the Bonds.

Each series of Bonds will be issued in full book-entry-only form in denominations of \$5,000 and any integral multiple thereof, maturing as shown below under the captions “**SERIES A MATURITY SCHEDULE**” and “**SERIES B MATURITY SCHEDULE**.” Additionally, the terms of sale further allow for the adjustment, both by maturity and in total, of the amount of Bonds offered. See also “**TERMS OF SALE**” herein.

**AUTHORITY FOR ISSUANCE AND PURPOSE.** Each the Series A Bonds and the Series B Bonds will be issued and secured pursuant to the terms of separate indentures by and between the Belmont Joint Powers Financing Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). The Bonds of each Series are special obligations of the Authority payable solely from Revenues consisting generally of the Installment Payments to be made by the City pursuant to the respective Installment Purchase Agreements and from amounts on deposit in certain funds and accounts held under the respective Indentures. No other funds of the Authority or of the City are pledged to or available for payment of the principal of or interest on the Bonds.

The Installment Payments securing each of the Series A Bonds and the Series B Bonds are special obligations of the City under the applicable Installment Purchase Agreement secured by: (i) in the case of the Series A Bonds, a pledge of Sewer Net Revenues of the City on parity with the pledges of Sewer Net Revenues of the City made by the City to secure the Authority’s Sewer Revenue Bonds, Series 2001 and Series 2006; or, (ii) in the case of the Series B Bonds, a pledge of the Sewer Treatment Facility Revenues of the City on parity with the pledge of the Sewer Treatment Facility Revenues of the City made by the City to secure the Authority’s Sewer Treatment Facility Revenue Bonds Series 2009A.

Neither the faith and credit nor the taxing power of the State of California, the City or the Authority is pledged to the payment of the Bonds. The Bonds do not constitute a debt, liability or obligation of the State of California, the City (other than the Authority payable solely from the Revenues), and neither the directors of the Authority nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance. The Authority has no taxing power.

No other funds of the Authority or of the City are pledged to or available for payment of the principal of or interest on the Bonds. Security for one series of Bonds is not available as security for the other series of the Bonds.

The Series A Bonds are being issued on parity with the Authority's outstanding Sewer Revenue Bonds Series 2001 and Sewer Revenue Bonds Series 2006. The Series B Bonds are being issued on parity with the Authority's outstanding Sewer Treatment Facility Revenue Bonds Series 2009A.

**DATE OF BONDS.** The Bonds will be dated the date of their delivery, and will be delivered to the successful bidder on the closing date, which is anticipated to be on or about [February 9, 2011].

**INTEREST RATE.** Interest on the Bonds will be calculated based on a 360-day year composed of twelve (12) 30-day months. The Bonds shall bear interest from their date at a rate or rates to be determined at the sale thereof, but not to exceed twelve percent (12%) per annum. Interest on the Bonds shall be payable semiannually on August 1 and February 1 in each year (the "Interest Payment Dates"), commencing August 1, 2011.

**PAYMENT.** Principal of and interest on the Bonds will be payable by Bank of New York Mellon Trust Company, N.A., the trustee for the Bonds (herein, the "Trustee"), in lawful money through the facilities of Depository Trust Company, or its nominee.

**DENOMINATIONS.** The Bonds will be issued and delivered as fully registered Bonds in the denomination of \$5,000 each or any integral multiple thereof.

**BOOK-ENTRY FORM.** The Bonds will be delivered only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. One fully registered Bond of each Series will be issued for each maturity of the Bonds of such Series in the principal amount of the Bonds of such maturity. It will be registered in the name of Cede & Co. and will be deposited with DTC.

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**SERIES A MATURITY SCHEDULE.**<sup>(1)</sup> The Series A Bonds will mature on the dates and in the amounts shown below subject to adjustment as described herein under the caption "ADJUSTMENT OF PRINCIPAL AMOUNTS," below.

<u>MATURITY</u> <u>(AUGUST 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>MATURITY</u> <u>(AUGUST 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>
2012		2027	
2013		2028	
2014		2029	
2015		2030	
2016		2031	
2017		2032	
2018		2033	
2019		2034	
2020		2035	
2021		2036	
2022		2037	
2023		2038	
2024		2039	
2025		2040	
2026		2041	

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<sup>(1)</sup> Preliminary, subject to change. See "Adjustment of Principal Amounts" herein.

**SERIES B MATURITY SCHEDULE.**<sup>(1)</sup> The Series B Bonds will mature on the dates and in the amounts shown below subject to adjustment as described herein under the caption "ADJUSTMENT OF PRINCIPAL AMOUNTS," below.

<u>MATURITY</u> <u>(AUGUST 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>MATURITY</u> <u>(AUGUST 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>
2012		2027	
2013		2028	
2014		2029	
2015		2030	
2016		2031	
2017		2032	
2018		2033	
2019		2034	
2020		2035	
2021		2036	
2022		2037	
2023		2038	
2024		2039	
2025		2040	
2026		2041	

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<sup>(1)</sup> Preliminary, subject to change. See "Adjustment of Principal Amounts" herein.

**ADJUSTMENT OF PRINCIPAL AMOUNTS.** The principal amounts set forth in this Official Notice of Sale for each series of Bonds reflect certain estimates of the City and its financial advisor with respect to the likely interest rates of a winning bid and the premium/discount specified in such a winning bid.

The total principal amount of the Bonds, the principal amounts of each series, and the principal amounts payable in each of the years set forth above as to each series of Bonds are subject to adjustment, in \$5,000 increments, to reflect the actual interest rates and any premium/discount contained in the winning bid in order to maintain substantially level annual debt service payments on the Bonds.

Adjustment of principal amounts could be substantial, depending on specific terms, interest rates and designation of individual maturities as term bonds.

The successful purchaser(s) of each series of Bonds will be notified of any adjustment in principal amounts at or prior to the time the Bonds are awarded.

**DESIGNATION OF CERTAIN MATURITIES AS TERM BONDS.** Each bidder must designate each maturity (of either series of Bonds bid for) in the years 2021 to and including the final maturity date (as shown under the caption “**SERIES A MATURITY SCHEDULE**” and “**SERIES B MATURITY SCHEDULE**”) as either a serial maturity date, a term maturity date, or a sinking fund payment date with respect to a term bond, as designated by the bidder.

**MANDATORY REDEMPTION OF TERM BONDS (If Designated).** Any Bonds designated by the respective successful purchaser as term bonds are subject to mandatory call and redemption in part at par and by lot on August 1 in the years prior to their maturity date or dates, as and if designated by the successful purchaser. Bonds designated as term bonds are also subject to adjustment of principal amounts as described herein.

**OPTIONAL REDEMPTION.** The Bonds of each series maturing by their terms on or after August 1, 2022 are subject to optional redemption by the Authority on any date on or after August 1, 2021, prior to their respective stated maturity dates, as a whole or in part in such principal amounts and from such maturity dates as selected by the Authority at the direction of the City, from funds derived by the Authority from any lawful source and deposited with the Trustee not less than five (5) days prior to the date of redemption, upon mailed notice as provided in the Indenture, at a redemption price equal to the principal amount of the Bonds or the portions thereof called for redemption, together with interest accrued thereon to the date fixed for redemption.

**SPECIAL MANDATORY REDEMPTION.** The Series B Bonds are also subject to redemption as a whole or in part on any date prior to maturity, in inverse order of maturity, and by lot within a maturity, to the extent of the net proceeds of hazard insurance not used to rebuild or repair the City’s portion of the SBSA treatment plant, or from net condemnation awards received with respect to the SBSA treatment plant, at a redemption price equal to the principal amount of the Bonds, plus accrued interest thereon to the date fixed for redemption, without premium.

**SECURITY.** Under each Indenture pertaining to an individual series of bonds, the Authority will irrevocably transfer and assign over to the Trustee all of the Installment Payments to be received by the Authority under the Installment Purchase Agreement and any and all rights it has to enforce the obligations of the City under the Installment Purchase Agreement.

The Installment Payments received by the Trustee (the “Revenues”) and amounts in the other funds or accounts held under each Indenture (except the Rebate Fund and the Rate Stabilization Fund) are irrevocably pledged by the Authority to the punctual payment of the interest on and principal of and redemption premium, if any, on each series of Bonds. The Revenues and such other funds and accounts are not permitted to be used for any other purpose while any of the Bonds remain outstanding; subject to the provisions permitting the application thereof for the purposes and on the conditions and terms set forth therein. Each Indenture provides that this pledge constitutes a first lien on the Revenues associated with each series of Bonds and such other money for the payment of the Bonds in accordance with the terms thereof.

Each Indenture establishes a special fund known as the “Revenue Fund” held by the Trustee into which all Installment Payments are deposited. The money in the Revenue Fund is required to be transferred by the Trustee for deposit in the following respective funds (each of which is maintained with the Trustee) at the following times and in the following order of priority:

- (1) Interest Fund;
- (2) Principal Fund;
- (3) Sinking Fund;
- (4) Reserve Fund; and
- (5) Rate Stabilization Fund.

*Interest Fund.* The Trustee will transfer for deposit in the Interest Fund at least five business days prior to each Interest Payment Date, an amount of money from the Revenue Fund that is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

*Principal Fund.* The Trustee will transfer for deposit in the Principal Fund at least five business days prior to August 1 of each year, an amount of money from the Revenue Fund which, together with any money contained in the Principal Fund, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on such Principal Payment Date.

*Sinking Fund.* The Trustee will transfer for deposit in the Sinking Fund at least five business days prior to August 1 of each year as required, an amount of money from the Revenue Fund equal to the Sinking Fund Installments payable on such Sinking Fund Payment Date.

*Reserve Fund.* Under the Indenture, the Trustee holds in trust a separate fund designated as the Reserve Fund. The amount on deposit in the Reserve Fund is required to be maintained in an amount at least equal to the Reserve Fund Requirement.

*Pledge of Revenues under Installment Purchase Agreement.* Each Installment Purchase Agreement provides that all Revenues and all amounts on deposit in the City’s Sewer Fund attributable to the sewer conveyance system (in the case of the Series A Bonds) and all Revenues



on all amounts on deposit in the City's Sewer Fund attributable to the City's share of capital costs associated with the South Bayside System Authority (in the case of the Series B Bonds) are irrevocably pledged to the payment of the Installment Payments and that the Sewer Revenues will not be used for any other purpose while any of the Installment Payments remain unpaid. The Installment Purchase Agreement provides that this pledge constitutes a first and exclusive lien on Sewer Revenues for the payment of the Installment Payments and all other Parity Debt.

**BOOK ENTRY SYSTEM.** One fully registered Bond of each series will be issued for each maturity of the Bonds of each series in the principal amount of the Bonds of such maturity. It will be registered in the name of Cede & Co. and will be deposited with The Depository Trust Company, New York, New York ("DTC"). The Authority may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer. The Trustee will pay payments of principal and interest to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. The successful bidder must pay all fees due to DTC.

**TAX EXEMPTION.** The legality and enforceability of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, acting as Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by [Aaronson, Dickerson, Cohn & Lanzone, a Professional Corporation, San Carlos, California].

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

**RATINGS.** The City has applied for and received a rating on the Bonds from Standard & Poor's Ratings Services and from Fitch Ratings. Information on such ratings may be obtained from the individual rating service. The City will pay the fees for these ratings. Any additional ratings desired by the purchaser of the Bonds, as well as the fees associated with such ratings, will be the sole responsibility of the purchaser.

**INSURANCE.** The successful bidder may purchase municipal bond insurance, if available, for some or all of the Bonds. However, the delivery of the Bonds shall not be conditioned upon the issuance of any such insurance. Payment of any insurance premium and satisfaction of any conditions to the issuance of a municipal bond insurance policy, including payment for any legal opinion to be delivered to any insurer, shall be the sole responsibility of the bidder. The successful bidder must provide the amount of the policy premium, if any, within one hour of the award of the Bonds and also must provide the City with the municipal bond insurance commitment, if any, as well as information with respect to the municipal bond insurance policy and insurance provider for inclusion in the final Official Statement within two business days

following the award of the bid by the City. The City is under no obligation to enter into any additional agreements with respect to the provision of any such insurance. FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT JUSTIFY FAILURE OR REFUSAL BY THE SUCCESSFUL BIDDER TO ACCEPT DELIVERY OF, OR PAY FOR, THE BONDS.

**OFFICIAL STATEMENT.** The Preliminary Official Statement is in a form deemed final by the City within the meaning of the SEC Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”) although subject to revision, amendment and completion on conformity with such Rule. The City will provide the successful bidder such reasonable number of printed copies of the final Official Statement as such bidder may request no later than seven business days after the day the sale of the Bonds is awarded. Up to 150 copies of the final Official Statement will be furnished without cost to the successful bidder and further copies, if desired, will be made available at the successful bidder’s expense.

The Preliminary Official Statement is expected to be available on the Internet at [www.munios.com](http://www.munios.com). Bidders will be required to confirm their consent to delivery of the Preliminary Official Statement in electronic form and their review of a complete copy of the Preliminary Official Statement, as a condition to the acceptance of their bid by the City. The Internet posting of the Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities described in the Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. To obtain printed copies of the Preliminary Official Statement please contact the City’s financial advisor, as set forth under the caption “**ADDITIONAL INFORMATION AVAILABLE**” below.

The City undertakes that for a period of twenty-five (25) days following the end of the “underwriting period” as defined in the Rule it will (i) apprise the successful bidder of all material developments, if any, occurring with respect to the City after delivery of the Bonds and (ii) if requested by the successful bidder, prepare a supplement to the final Official Statement with respect to any material event. The City will presume, unless notified in writing by the successful bidder, the end of the underwriting period will occur on the date of the delivery of the Bonds. By making a bid on the Bonds, the successful bidder agrees (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the City, and to file a copy of the final Official Statement with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (as provided by the Rule) and (ii) to take any and all other actions necessary to comply with the applicable rules of the Securities and Exchange Commission and rules governing the offering, sale and delivery of the Bonds on all purchasers, including the requirements of delivery of the final Official Statement.

**CONTINUING DISCLOSURE.** The City has covenanted in the Continuing Disclosure Certificate for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than the nine months following the end of the fiscal year (currently its fiscal years end on June 30) (the “Annual Reports”), commencing with the fiscal year ending June 30, 2011, and to provide notices of the occurrence of certain enumerated events, if material.

The Authority has covenanted in a Continuing Disclosure Certificate for the benefit of the holders and beneficial owners of the Bonds to provide notices of the occurrence of certain enumerated events, if material. The City has never failed to comply in all material respects with any previous undertaking with regard to Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended, to provide annual reports or notices of material events.

The Annual Reports and the notices of material events will be filed by the Trustee as Dissemination Agent with each Nationally Recognized Municipal Securities Information Repository. The specific nature of the information to be contained in the Annual Reports and the notice of material events is set forth in the Preliminary Official Statement. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934.

[Remainder of page left blank intentionally]

## TERMS OF SALE

**SUBMISSION OF BIDS.** Bids will be accepted in accordance with this Official Notice of Sale until 10:00 a.m. Pacific Time, on the sale date, but no bid will be received after the time specified for receiving bids. Bids may be submitted either via PARITY<sup>®</sup> (the "Electronic Bidding System") or on the Official Bid Form, a copy of which is attached. Facsimiles of the Official Bid Form are acceptable, if they are legible and complete. The City retains absolute discretion to determine whether any bid is timely, legible and complete. The City takes no responsibility for informing any bidder prior to the time for accepting bids that its bid is incomplete, illegible or has not been received. To the extent any instructions or directions set forth in PARITY<sup>®</sup> conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about PARITY<sup>®</sup>, potential bidders may contact PARITY<sup>®</sup> at (212) 849-5023. Telecopy bids will not be accepted.

***NEITHER THE CITY, THE FINANCIAL ADVISOR, NOR BOND COUNSEL ASSUME ANY RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS.***

**ALL OR NONE BID.** No bid will be entertained for less than all of the Bonds of an individual series. Bidders are not required to bid for both series of the Bonds. All bids must be unconditional.

**BID SPECIFICATIONS.** Bidders may specify interest rates on the Bonds as desired, provided that (as to each Series of the Bonds):

- (i) each interest rate specified is a multiple of 1/20 or 1/8 of 1%;
- (ii) the maximum interest rate specified does not exceed 12%;
- (iii) a zero rate of interest is not specified;
- (iv) each Bond bears interest from its date to its stated maturity date at the interest rate specified;
- (v) the interest rate on any maturity is not less than the interest rate on any prior maturity;
- (vi) no more than [to come] different rates are specified; and
- (vii) no bid is specified that provides for the cancellation and surrender of any interest payment or for the waiver of interest or other concession by the bidder as a substitute for payment in full of the purchase price of the Bonds.

Bids that do not conform to the bid specifications will be rejected.

**LIMITATIONS ON DISCOUNT AND PREMIUM BIDS.** No bid will be considered for a purchase price of less than ninety-nine percent (99.0%) of the par value of the Bonds offered for sale

**BASIS OF AWARD.** The Bonds will be awarded by series to the responsible bidder(s) whose bid produces the lowest true interest cost on the Bonds. The true interest rate specified in any bid will be that rate which, when used in computing the present worth of all payments of principal and interest to be paid from the closing date of the Bonds (assumed to be [February 9,

2011]) to their respective maturity dates or mandatory sinking fund redemption dates, produces an amount equal to the purchase price specified in such bid.

For purposes of computing the true interest cost represented by any bid, the purchase price specified in such bid shall be equal to the par amount of all of the Bonds plus any premium (or less any discount) specified in such bid, and the true interest rate shall be calculated by the use of a semiannual interval of compounding interest based on the Interest Payment Dates for the Bonds. In the event of a tied bid, the procedure for determining the winning bid will be by lot conducted by the City among such bidders whose bids have produced the tie.

**GOOD FAITH DEPOSIT.** A good faith deposit in the form of a certified or cashier's check or a financial surety bond for one hundred thousand dollars (\$100,000), payable to the order of the City of Belmont, is required for each bid to be considered. A single good faith deposit may be used for bids on both series. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the state of California, and such bond must be submitted to the City directly, or to the City's financial advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit its deposit to the City in the form of a cashier's check (or wire transfer in the required amount as instructed by the City or by Magis Advisors) not later than 12:30 p.m. (Pacific Time) on the next business day following the award of the Bonds. If such deposit is not received by that time, the financial surety bond may be drawn by the City to satisfy the deposit requirement. No interest on the deposit will accrue to the purchaser. The deposit will be cashed by the City upon receipt and will be applied to the purchase price of the Bonds. In the event the purchaser fails to honor its accepted bid, the deposit will be applied by the City as described in the following paragraph.

If a check is utilized as the deposit, the check must accompany each tendered bid and such check may be cashed after the award of Bonds and applied to the purchase price or, if such bid is accepted but the successful bidder fails to perform (unless such failure of performance is caused by any act or omission of the City), then the City shall retain such deposit and it will be applied by the City in partial satisfaction of whatever actual damages the City may suffer by reason of the successful bidder's failure to perform hereunder in accordance with the terms of the sale. In such instances, should the City's actual damages be determined to be less than said amount, thirty (30) days after any such determination by a court having jurisdiction thereof becomes final, the balance of this amount shall be returned to the successful bidder without interest. Should the successful bidder fail to perform hereunder, the City may also recover all costs relating thereto, including attorney's fees. Checks accompanying unaccepted bids will be returned promptly to each unsuccessful bidder via U.S. mail to the address indicated on such bidder's bid.

**TRUE INTEREST COST.** Bidders are requested to supply a calculation of the true interest cost of the Bonds to the City based on their respective bids, by series, which shall be considered as informative only and not binding on either the bidder or the City.

**UNDERWRITING GROUP.** Each bidder is requested to furnish the names of all joint managers participating in the bid on the official bid form. The successful bidder will be required

to submit a list of all syndicate members participating in the underwriting (in addition to the managers) not later than 24 hours after receiving a verbal award.

**RIGHT OF REJECTION.** The City reserves the right, in its discretion, to reject any or all bids, to award one series of the Bonds only, and to waive any irregularity or informality in any bid.

**PROMPT AWARD.** The City will take action awarding the Bonds or rejecting all bids not later than 2:00 p.m., Pacific Time, on [Wednesday, January 26, 2011] provided that the award may be made after the expiration of the specified time if the successful purchaser shall not have given to the City a notice in writing of the withdrawal of such bid.

**DELIVERY.** Delivery of the Bonds will be made to the successful bidder at The Depository Trust Company in New York, New York on or about [February 9, 2011]. Payment for the Bonds must be made in cash, Federal Reserve Bank funds, or other immediately available funds.

**RIGHT OF CANCELLATION.** The successful bidder will have the right, at its option, to cancel the purchase of the Bonds if the City fails to execute the Bonds and tender the same for delivery within sixty (60) days from the date of award thereof. In such event, the successful bidder will be entitled to the return of the deposit accompanying the bid.

**NO LITIGATION CERTIFICATE.** Marc Zafferano, Esq., legal counsel for the City will furnish to the purchaser of the Bonds at closing a "no litigation" certificate on behalf of the City, certifying that there is no litigation pending or threatened concerning the validity of the Bonds or of the title of the officers of the City to their respective offices.

**UNDERWRITER'S CLOSING CERTIFICATES.** The successful purchaser must deliver such certificates to the City as may be required by Bond Counsel, dated the date of issuance of the Bonds as may be required to assist the City in filing the required Internal Revenue Service Form 8038-G for the Bonds. The successful purchaser will also be required to execute a certificate as to offering prices.

**CUSIP NUMBERS AND OTHER FEES.** It is expected that CUSIP numbers will be assigned to the Bonds and that such numbers will be printed thereon, but neither the failure to print such numbers on any Bonds, nor any error with respect to such numbers will constitute cause for the successful purchaser to pick up and pay for the Bonds at closing. All expenses related to the procurement of CUSIP numbers will be the responsibility of the successful purchaser. The purchaser will also be responsible for fees payable to The Depository Trust Company, Securities Industry and Financial Markets Association and the Municipal Securities Rulemaking Board.

**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION FEE.** Attention of bidders is directed to California Government Code Section 8856, which provides that the lead underwriter or the purchaser of the Bonds may be charged the California Debt and Investment Advisory Commission fee.

**ADDITIONAL INFORMATION AVAILABLE.** Requests for additional information about the Bonds or the City may be directed to the City's Finance Director, Thomas Fil,

telephone (650) 595-7435; the City's Deputy Finance Director, Brooke Lazarri, telephone (650) 595-7434; the City's Bond Counsel, David Casnocha, Stradling Yocca Carlson & Rauth, telephone (415) 283-2241; or, the City's Financial Advisor, Tim Schaefer, Magis Advisors, telephone (949) 428-8363.

**APPROVED** by the City Council of the City of City of Belmont as of [January 11, 2011].

/s/ Thomas Fil  
Finance Director  
City of Belmont

**OFFICIAL BID FORM**  
**\$[8,550,000]\***  
**CITY OF CITY OF BELMONT**  
**SEWER REVENUE BONDS SERIES A**

DATE: \_\_\_\_\_

TO: City Council  
City of Belmont  
One Twin Pines Lane, Suite 320  
Belmont, California 94002

RE: Bid for \$[8,550,000]\* Belmont Joint Powers Financing Authority  
Sewer Revenue Bonds Series 2011A

In accordance with all terms and conditions of your Official Notice of Sale dated January 12, 2011, we submit this bid for Bonds to be dated as of the date of their delivery (assumed to be February 9, 2011), with interest payable August 1, 2011, and thereafter semiannually on February 1 and August 1 as shown on the reverse side hereof.

We will pay \_\_\_\_\_%<sup>1</sup> for a total of \$\_\_\_\_\_, which is par value thereof (plus a premium/less a discount of) \$\_\_\_\_\_, plus accrued interest, if any, to date of delivery.

Our calculation of the **true interest cost**, determined in accordance with the Official Notice of Sale, which is considered informative only and not a part of the bid, is \_\_\_\_\_%.

This offer is subject to a satisfactory legal opinion by Stradling Yocca Carlson & Rauth, San Francisco, California, approving the validity of the Bonds, at your expense.

Enclosed herein is a good faith deposit (as defined in the Official Notice of Sale) in the amount of \$100,000, payable to the order of the City of Belmont, which funds we request be returned promptly in the event we are not the successful bidder, otherwise to be retained and applied against the purchase price of the Bonds. Facsimile signatures are valid and legally binding against us.

Submitted By: \_\_\_\_\_

\_\_\_\_\_  
Name of Bidder (Senior Manager) & Representative's Printed Name

\_\_\_\_\_  
Representative's Signature and Telephone Number

\_\_\_\_\_  
\* Preliminary, subject to change.

<sup>1</sup> Please refer to the Official Notice of Sale – “Terms of Sale” for important information on premium and discount bids.



**OFFICIAL BID FORM**  
**\$[8,550,000]\***  
**CITY OF CITY OF BELMONT**  
**SEWER REVENUE BONDS SERIES 2011A**

BONDS MATURING	PRINCIPAL AMOUNT	INTEREST RATE	TYPE OF MATURITY (Please Indicate)	
			Serial Maturity	Sinking Fund Payment
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021			<input type="checkbox"/>	<input type="checkbox"/>
2022			<input type="checkbox"/>	<input type="checkbox"/>
2023			<input type="checkbox"/>	<input type="checkbox"/>
2024			<input type="checkbox"/>	<input type="checkbox"/>
2025			<input type="checkbox"/>	<input type="checkbox"/>
2026			<input type="checkbox"/>	<input type="checkbox"/>
2027			<input type="checkbox"/>	<input type="checkbox"/>
2028			<input type="checkbox"/>	<input type="checkbox"/>
2029			<input type="checkbox"/>	<input type="checkbox"/>
2030			<input type="checkbox"/>	<input type="checkbox"/>
2031			<input type="checkbox"/>	<input type="checkbox"/>
2032			<input type="checkbox"/>	<input type="checkbox"/>
2033			<input type="checkbox"/>	<input type="checkbox"/>
2034			<input type="checkbox"/>	<input type="checkbox"/>
2035			<input type="checkbox"/>	<input type="checkbox"/>
2036			<input type="checkbox"/>	<input type="checkbox"/>
2037			<input type="checkbox"/>	<input type="checkbox"/>
2038			<input type="checkbox"/>	<input type="checkbox"/>
2039			<input type="checkbox"/>	<input type="checkbox"/>
2040			<input type="checkbox"/>	<input type="checkbox"/>
2041			<input type="checkbox"/>	<input type="checkbox"/>
2042			<input type="checkbox"/>	<input type="checkbox"/>

WE UNDERSTAND THAT THE MATURITY AMOUNTS SET FORTH ABOVE FOR THE BONDS MAY BE ADJUSTED AFTER RECEIPT OF BIDS, AT THE OPTION OF THE CITY, IN ORDER TO ACHIEVE SUBSTANTIALLY LEVEL DEBT SERVICE ON THE BONDS.

\* Preliminary, subject to change.

**OFFICIAL BID FORM**

**[\$9,685,000]\***

**CITY OF CITY OF BELMONT**

**SEWER TREATMENT FACILITY REVENUE BONDS SERIES 2011B**

DATE: \_\_\_\_\_

TO: City Council  
City of Belmont  
One Twin Pines Lane, Suite 320  
Belmont, California 94002

RE: Bid for \$[9,685,000]\* Belmont Joint Powers Financing Authority  
Sewer Treatment Facility Revenue Bonds Series 2011B

In accordance with all terms and conditions of your Official Notice of Sale dated January 12, 2011, we submit this bid for Bonds to be dated as of the date of their delivery (assumed to be February 9, 2011), with interest payable August 1, 2011, and thereafter semiannually on February 1 and August 1 as shown on the reverse side hereof.

We will pay \_\_\_\_\_%<sup>2</sup> for a total of \$\_\_\_\_\_, which is par value thereof (plus a premium/less a discount of) \$\_\_\_\_\_, plus accrued interest, if any, to date of delivery.

Our calculation of the **true interest cost**, determined in accordance with the Official Notice of Sale, which is considered informative only and not a part of the bid, is \_\_\_\_\_%.

This offer is subject to a satisfactory legal opinion by Stradling Yocca Carlson & Rauth, San Francisco, California, approving the validity of the Bonds, at your expense.

Enclosed herein is a good faith deposit (as defined in the Official Notice of Sale) in the amount of \$100,000, payable to the order of the City of Belmont, which funds we request be returned promptly in the event we are not the successful bidder, otherwise to be retained and applied against the purchase price of the Bonds. Facsimile signatures are valid and legally binding against us.

Submitted By: \_\_\_\_\_

\_\_\_\_\_  
Name of Bidder (Senior Manager) & Representative's Printed Name

\_\_\_\_\_  
Representative's Signature and Telephone Number

\* Preliminary, subject to change.

<sup>2</sup> Please refer to the Official Notice of Sale – “Terms of Sale” for important information on premium and discount bids.

**OFFICIAL BID FORM****[\$[9,940,000]\*****CITY OF CITY OF BELMONT****SEWER TREATMENT FACILITY REVENUE BONDS SERIES 2011B**

BONDS MATURING	PRINCIPAL AMOUNT	INTEREST RATE	TYPE OF MATURITY (Please Indicate)	
			Serial Maturity	Sinking Fund Payment
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021			<input type="checkbox"/>	<input type="checkbox"/>
2022			<input type="checkbox"/>	<input type="checkbox"/>
2023			<input type="checkbox"/>	<input type="checkbox"/>
2024			<input type="checkbox"/>	<input type="checkbox"/>
2025			<input type="checkbox"/>	<input type="checkbox"/>
2026			<input type="checkbox"/>	<input type="checkbox"/>
2027			<input type="checkbox"/>	<input type="checkbox"/>
2028			<input type="checkbox"/>	<input type="checkbox"/>
2029			<input type="checkbox"/>	<input type="checkbox"/>
2030			<input type="checkbox"/>	<input type="checkbox"/>
2031			<input type="checkbox"/>	<input type="checkbox"/>
2032			<input type="checkbox"/>	<input type="checkbox"/>
2033			<input type="checkbox"/>	<input type="checkbox"/>
2034			<input type="checkbox"/>	<input type="checkbox"/>
2035			<input type="checkbox"/>	<input type="checkbox"/>
2036			<input type="checkbox"/>	<input type="checkbox"/>
2037			<input type="checkbox"/>	<input type="checkbox"/>
2038			<input type="checkbox"/>	<input type="checkbox"/>
2039			<input type="checkbox"/>	<input type="checkbox"/>
2040			<input type="checkbox"/>	<input type="checkbox"/>
2041			<input type="checkbox"/>	<input type="checkbox"/>
2042			<input type="checkbox"/>	<input type="checkbox"/>

WE UNDERSTAND THAT THE MATURITY AMOUNTS SET FORTH ABOVE FOR THE BONDS MAY BE ADJUSTED AFTER RECEIPT OF BIDS, AT THE OPTION OF THE CITY, IN ORDER TO ACHIEVE SUBSTANTIALLY LEVEL DEBT SERVICE ON THE BONDS.

\* Preliminary, subject to change.

Other Attachments are on file in the City Clerk's Office.